

## THE FRAUD EXAMINER

### ELDERLY FRAUD SCAMS: HOW THEY'RE BEING TARGETED AND HOW TO PREVENT IT

Misty Carter, CFE, CIA, CISA

Research Specialist, Association of Certified Fraud Examiners

[Angie Kennard](#) felt that something was off with her 79-year-old father. When they talked on the phone he would tell her about a woman he met online and occasionally sent money to. Even though her father never met the woman in person, she professed her love for him through emails and asked him to send her money to feed her and her daughter. Angie told her father that he was being conned, but he would not listen and continued to send the woman money. It was only when Angie was given power of attorney over her father after he suffered a massive stroke that she realized the extent of the scam. She found numerous emails from the woman asking for money, including receipts from wire transfers. After doing a little digging, Angie found that her father had sent the woman more than \$700,000 over two years; practically his life's savings. Unfortunately, this is not uncommon. The elderly are victims of a vast array of fraudulent scams. [According to research by the Stanford Center on Longevity and the Financial Industry Regulatory Authority's Investor Education Foundation](#), those over the age of 65 are more likely to lose money due to a financial scam than someone in their 40s. To help the elderly avoid becoming victims of fraud scams, it is important to understand why they are targets, what schemes and tactics are commonly used against them and ways they can protect themselves from fraud scams.

#### **Why are the elderly frequent targets of fraud scams?**

Experts consider most victims of fraud to be in the naïve segments of the population. Unfortunately, elderly individuals are the most common targets. Fraudsters target the elderly because they might be lonely, willing to listen and are more trusting than younger individuals. Many fraud schemes against the elderly occur over the telephone, door-to-door or through advertisements. The elderly are prime targets of schemes attributed to credit cards, sweepstakes or contests, charities, health products, magazines, home improvements, equity skimming, investments, banking or wire transfers and insurance.

#### **What tactics do fraudsters use to take advantage of the elderly?**

Fraudsters use a range of tactics on the elderly. They can be friendly, sympathetic, and willing to help in some cases, and use fear in others. The tactic used generally depends on the situation the fraudster finds himself in with the elderly person. For example, a fraudster might focus on home ownership to take advantage of the elderly. The fraudster recommends a friend who can perform unnecessary home repairs at a reasonable price. This friend might require the homeowner to sign a document upon completion confirming that the repairs have been completed. In some cases, the elderly victim later learns that he signed the title of his house over to the repairman. In other cases, not only is the victim overcharged for the work, but the work is not performed properly.

#### **Which are the most common scams targeting seniors?**

[According to the National Council on Aging \(NCOA\)](#), the top 10 scams targeting seniors include the following:

- 1. Medicare — Fraudsters pose as Medicare representatives to deceive seniors into providing their personal information, such as their Medicare identification number. The fraudster uses this information to bill Medicare for fraudulent services and pockets the money.
- 2. Counterfeit prescription drugs — Fraudsters create websites that advertise cheap prescription drugs, which are usually counterfeit. Seniors unknowingly purchase these counterfeit drugs only to realize they have been duped when the drugs do not provide any relief from their medical condition or even cause additional health problems.
- 3. Funerals — Fraudsters use obituaries to obtain information about the deceased in attempts to extort money from family members or grieving spouses. They fraudulently claim the deceased has an outstanding debt that must be paid immediately. Those close to the deceased are usually in a vulnerable state and are more likely to pay the fraudulent debt.
- 4. Anti-aging products — Scammers advertise bogus anti-aging products targeted at seniors. Some products contain damaging materials but scammers tout them as being as effective as a brand-name product, such as Botox. Scammers also advertise products that, in reality, have no anti-aging effects.
- 5. Telephones — Phone scams are a common fraud scheme used against the elderly. Scammers call seniors posing as a governmental official and claim they owe money to the government. They might also solicit money from seniors by posing as a fake charity, especially after a natural disaster.
- 6. Internet — Seniors are usually not as tech savvy as younger generations which makes them easy targets for Internet scams. Fraudsters trick seniors into downloading fake antivirus software which allows them to access personal information on their computer. Scammers also obtain personal information from seniors by sending phishing emails asking them to update their bank or credit card information using links provided in the email that lead to a phony website.

- 7. Investments — Fraudsters take advantage of the elderly by posing as financial advisors to gain access to their retirement funds and savings. Once they have access to the funds, they take the money and run.
- 8. Mortgages — Fraudsters that perpetrate mortgage fraud schemes target seniors because they usually own their home. They mail seniors fraudulent, yet official-looking letters listing the supposed value of their home. For a fee, scammers inform the homeowners that the value of their home can be reassessed. Fraudsters also deceive the elderly by posing as repairmen and pressure them to take out equity in their home to use as payment for repairs.
- 9. Sweepstakes/lotteries — Scammers use sweepstakes and lottery scams to extract advance fees from the elderly. These schemes usually involve contacting potential victims through the mail or by telephone and telling them they have won a prize of some sort, but must pay a fee to obtain the prize. The fraudster has the victim send the fee via a money transfer service. The victim has been scammed out of his money and realizes that he was scammed when the check does not clear.
- 10. The grandparent scam — This scam is extremely deceptive because it plays on the elderly's emotions. In a grandparent scam, a scammer calls an elderly individual and pretends to be their grandchild. They ask them if they know who is calling and when the grandparent guesses the name of one of their grandchildren the scammer pretends to be that grandchild. He tells the grandparent that he is in some sort of financial bind and asks if they can send money using Western Union or MoneyGram. The scammer asks the grandparent not to tell anyone about their situation. Once the scammer receives the money, he continues to contact the grandparent and asks for more money.

### **What effect can fraud schemes have on elderly victims?**

The effect of fraud schemes on elderly victims can be financial, emotional, sociological, psychological or physical. Financially, victims might lose their life savings, or their credit histories might be destroyed. Emotionally, they feel betrayed, shamed, helpless, angry, guilty or fearful. Sociologically, they might believe they lost the respect of family and friends. Psychologically, they can become depressed or

develop sleeping disorders. Physically, they can experience health problems as a result of the financial, emotional, psychological, or sociological effects.

### **How can the elderly protect themselves?**

Not only is it important for the elderly to know the types of scams they can fall prey to, it is also important to know how to avoid becoming a victim. The following are a few tips that can be used by older individuals to avoid becoming victims of elder fraud schemes:

- Be suspicious of unsolicited letters and emails that promise large benefits.
- Ask questions and get information about any new company before doing business with them.
- Never share personal information online.
- Avoid making hasty decisions, especially if pressured to make an immediate decision that involves sending money.
- Never send money to anyone to obtain a prize.

Elderly people should remember they are prime targets for fraudsters. They might not be able to control attempts by fraudsters to scam them, but they can be aware of common scams targeted against them. Being equipped with this knowledge and taking steps to protect themselves can reduce their likelihood of becoming victims.